

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7606

BILL NUMBER: HB 1785

DATE PREPARED: Feb 3, 2001

BILL AMENDED:

SUBJECT: Medicaid Managed Care Program.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

X

IMPACT: State

Summary of Legislation: This bill requires Medicaid recipients who do not select a primary care provider to be assigned a primary care provider who has contracted with a Medicaid Risk-Based Managed Care (RBMC) contractor in the service area of the Medicaid recipient. The bill also requires the Office of Medicaid Policy and Planning (OMPP) to increase the capitation payments to Medicaid RBMC program contractors whenever the Office increases rates payable under the Medicaid fee structure.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill requires OMPP to adjust the capitation rates that are normally negotiated with managed care organizations in the Medicaid Risk-Based Managed Care program whenever rates are changed in the Medicaid fee structure. [The Medicaid fee structure is assumed to mean the fee-for-service rates paid in the Primary Care Case Management (PCCM) program.] This provision may result in increased state General Fund expenditures in the Medicaid program to the extent that capitation rates in the RBMC program are increased before new contracts would normally be negotiated with managed care organizations.

The extent of the additional costs would depend upon the (1) timing of the rate increases in the PCCM program relative to usual RBMC contract settlements and (2) the affect on future negotiations for capitation rates in the RBMC program due to any rate changes that might have occurred as a result of changes in the PCCM program.

The Medicaid program is cost-shared with the federal government with the federal financial participation rate equal to approximately 62%.

Explanation of State Revenues: See Explanation of State Revenues, above, regarding federal financial participation in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: